

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 90-204-G - ORDER NO. 95-1182 ✓  
JUNE 1, 1995

IN RE: Application of South Carolina Pipeline     ) ORDER  
Corporation for Rate Reduction and             ) CONFIRMING  
Restructuring.                                     ) RATE

This matter comes before the Public Service Commission of South Carolina (the Commission) on the April 3, 1995 letter of South Carolina Pipeline Corporation (Pipeline or the Company) seeking confirmation of the demand charge component of Pipeline's rate for firm service for sale-for-resale customers. The letter seeking confirmation was served on all parties to the Docket, and comment was sought. Following receipt of comments from various parties, the Commission hereby holds and confirms that \$3.5924 per dekatherm is the demand charge component of the rate for firm gas service to sale-for-resale customers.

Pipeline states its opinion that \$3.5924 per dekatherm is the approved rate and controls the Company's demand charge component of firm gas service to sale-for-resale customers. The Company states its belief that it is not authorized to charge another rate without a new Order from the Commission to change a tariff provision and any such change would be on a prospective basis only. Further, Pipeline states its belief that this tariff

provision is consistent and complies with Order No. 90-729.

Pipeline notes that the Commission established a procedure to determine the demand charge for the Company's firm sales to sale-for-resale customers in Order No. 90-729. The ordering paragraphs, according to Pipeline, lay out a process on a step-by-step basis that reflected a general agreement among the Company and these customers. The design of the Company's rates in Order No. 90-729 was changed from a single-part, commodity only, rate to a two-part rate. The sale-for-resale customers were given an opportunity to change their Maximum Demand Quantities (MDQ) in response to the rate design change. The difficulty involved in the process, according to Pipeline, was a mutual dependence of the demand charge rate component and the total MDQs to be served by the Company.

Pipeline notes that the Commission established the numerator \$10,280,002 for the calculation and a two step process to determine the denominator 12 times the sum of the final MDQs. According to Pipeline, the Company's sale-for-resale customers were informed of the initial result of the demand charge calculation using the existing MDQs as of the date of the Order. Then, the customers nominated new MDQs, and the Company informed them of the resulting calculation using the nominated MDQs. The sale-for-resale customers were then, according to Pipeline, able to make a final election of their MDQs. New firm gas supply contracts were signed between the Company and each sale-for-resale customer, and a final calculation of demand charge was made.

According to Pipeline, the resulting demand charge, \$3.5924 per dekatherm was submitted to the Commission for approval in compliance with Order No. 90-729 and to complete the open blank reserved for this component in the approved gas tariff. The Commission approved this rate on July 9, 1991.

Pipeline then asked for confirmation that the demand charge component of the Company's Rate Schedule DS-1 to be applied to all firm MDQs of the sale-for-resale customers, is \$3.5924 per dekatherm because it is the published and filed rate component, that it is in compliance with Order No. 90-729, and that it is the rate component approved by the Commission.

Three comments were received to the Company's letter. South Carolina Electric & Gas Company (SCE&G) reviewed Pipeline's letter and did not take exception to Pipeline's request.

The South Carolina Energy Users Committee (SCEUC), however, stated that any monies collected above \$10,280,000 should be refunded to customers, and implied that this figure was a limit on the Company's revenues.

The Consumer Advocate for the State of South Carolina (the Consumer Advocate) also replied, and stated its belief that Pipeline was limited to recovery of \$10,280,002 annually through its demand charge. The Consumer Advocate cited ordering paragraph 9 of Order No. 90-729 in support of this allegation. According to the Consumer Advocate, the Commission's approval of the rate of \$3.5924 per dekatherm was simply an acknowledgment that the Company's mathematical calculation of the formula set forth at

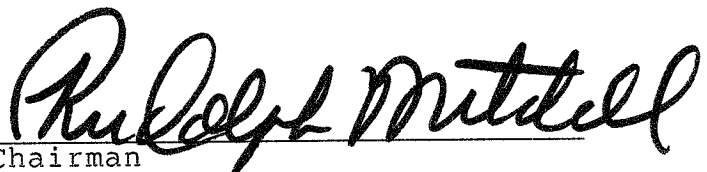
page 11 of Order No. 90-729 was correct. Given this, according to the Consumer Advocate, Pipeline should recompute the demand charge each time its customers have renominated their MDQs.

Pipeline replied to these comments, and once again stated its belief that \$3.5924 per dekatherm should be the demand charge approved by the Commission.

The Commission has examined this matter and agrees with Pipeline. We hold that the demand charge component of the Company's Rate Schedule DS-1 is \$3.5924 per dekatherm. We hold that this is in compliance with Commission Order No. 90-729, and that this rate is to continue to be effective for firm sales for sale-for-resale customers. A thorough reading of the Order leads this Commission to conclude that we only intended to indicate a demand charge of \$3.5924 per dekatherm, and did not intend to cap revenues at \$10,280,002.

This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

  
Chairman

ATTEST:

  
Executive Director

(SEAL)